

## **EXHIBIT 6**

### **BUSINESS RULES AND POLICIES**

#### **1.0 General**

- 1.1 This section identifies business rules and policies that govern the overall operation of the Regional Fare Coordination System (RFCS), and the subsystems described in the Division II and III Specifications. The Contractor shall meet all identified business rules and policies.
- 1.2 The sub-sections of this Exhibit are structured as follows:
  - (a) Overall Business Rules: Prevailing rules and policies which will affect the design, implementation, operation and administration of the RFCS.
  - (b) Functional Areas: Rules and policies pertaining to each of the main RFCS services to be provided as listed below.
    - i. Fare Policies
    - ii. Card Distribution and Issue
    - iii. Revaluing
    - iv. Fare Payment
    - v. Refund/Replacement
    - vi. Revenue Management
    - vii. Data Management and Reporting
    - viii. Card, Application and Function Blocking and Unblocking
    - ix. Other (Non-Fare Collection) Applications

#### **2.0 Overall Business Rules**

- 2.1 The primary objective of the project is to implement a “seamless” regional fare collection system for bus, ferry, commuter rail and (future) light rail services in four counties in the Central Puget Sound Region: Kitsap, King, Pierce, and Snohomish.
- 2.2 A common fare card (smart card with a contactless interface for the fare collection application) will be available for use on all transportation services.

2.3 The fare card shall provide for fare payment from stored value and various time related and program related unlimited use passes.

2.4 The RFCS shall be capable of expansion to accommodate additional fare collection applications and other public transportation agency partners in the future.

2.5 Subject to the approval of the Agencies, the Contractor may include additional applications for the fare card outside the realm of direct interest of the Agencies, subject to demonstrating that they will not adversely impact the functional performance of the RFCS, that they provide additional revenue or reduced system costs to the Agencies, and that they provide additional convenience for customers.

2.6 Cash will continue to be accepted as fare payment by all Agencies. Some Agencies will also retain single ride tickets, short term passes, and other pre-paid paper fare media for promotional use, or to provide fare payment options for specific customer markets that cannot be feasibly accommodated with the fare card.

2.7 The design of the exterior surfaces of the fare card will be subject to the requirements of Section 6.III-2 and the approval of the Agencies. The Agencies will consider commercial use of unused exterior surfaces which may not be required by the Agencies or the institutional program participants, subject to consideration of the impacts that such proposed uses may have on the functionality of the fare card and the value added proposition for the Agencies.

### **3.0 Fare Policies**

3.1 Each Agency will continue to set its own fare policies. Fare policies include flat fares, time-of-day fares, zone fares and route/quality of service fares.

3.2 A common, consistent set of regional fare customer categories will be adopted by all Agencies. Some Agencies will also have unique fare categories to meet the needs of specific customer groups within their local service area. Specific discount amounts and thresholds will be identified during system implementation.

3.3 All fare pricing shall be individual table-driven parameters that can be updated without software changes, upgrades or enhancements.

3.4 The RFCS shall support existing and future fare policies, including:

- a. Regional fare policies that apply to all participating Agencies.
- b. Intersystem transfer policies between Agencies within the Sound Transit service area, between the Agencies within the Sound Transit service area and Washington State Ferries (WSF) or Kitsap Transit, and between WSF and Kitsap Transit.
- c. Local Agency fare policies including intrasystem transfer policies.

3.5 Regional RFCS fare policies shall include:

- a. A regionally consistent “purchase” discount for stored value revalue transactions above a defined threshold.
- b. Sound Transit service area passes (“Puget Passes”) shall be valid for travel on Sound Transit, Community Transit, King County Metro, Everett Transit and Pierce Transit services. The RFCS shall support future additional Sound Transit service area passes or values.
- c. Sound Transit service area passes shall be valid at face value towards a fare on the service of any participating Agency within the Sound Transit service area.

3.6 Transfer policies shall include:

- a. Transfer policies for intrasystem transfers.
- b. For intersystem pass transfers within the Sound Transit service area using Sound Transit service area passes, an upgrade fare shall be paid for travel on a service where the fareset is greater than the face value of the pass. Where the fareset is equal to or lower than the face value of the pass, no additional fare shall be required.
- c. For cash/stored value transfers within the Sound Transit service area, the transfer shall be worth a Base Fare on the service transferred **to** as outlined below, and valid for a standard period of time which is to be defined. If the fareset to be paid is equal to or less than the value of the Base Fare, no additional fare shall be required. If the fareset to be paid is greater than the Base Fare, an upgrade fare shall be paid.

### Base Fares

Community Transit - Local Fare

Everett Transit – Local Fare

King County Metro - One-Zone Fare

Pierce Transit - Local Fare

Sound Transit - One Zone ST Express Fare

This policy reflects the current agreement between the Agencies within the Sound Transit service area.

- d. For cash/stored value transfers within the Sound Transit service area, a future fare policy shall be supported where the transfer is valued at the full fare paid, and is valid for a standard period of time which is to be defined. If the fareset to be paid is equal to or less than the value of the transfer, no additional fare shall be required. If the fareset to be paid is greater than the value of the transfer, an upgrade fare shall be paid.
- e. For stored value transfers between Kitsap Transit or WSF and Agencies within the Sound Transit service area, the total fare may be discounted from the combined cost of the fares.
- f. For stored value transfers between Washington State Ferries and Kitsap Transit, the total fare may be discounted from the combined cost of the fares.

### 3.7 Local fare policies shall include:

- a. Fare policies that will evolve as regionally consistent fare categories and discounts are developed, and new Sound Transit service area passes are introduced.
- b. Joint interagency combined pass pricing and transfer discounts, including “Ship to Shore” joint passes between WSF and connecting transit agencies.
- c. Frequency of use discounts for stored value, where the discount is applied at the point of use based on the number of trips previously taken in a given period. Functionality shall be included for implementing a “stepped” discount structure, where progressive discounts are provided with greater use.
- d. Agency-specific incentive policies to support and encourage institutional programs.
- e. Special short duration incentives or promotions for

specific routes, fare card categories, fare card accounts, or defined time periods.

3.8 The RFCS shall include the ability to add or delete regional or local fare categories, and to modify the price, discount structure and discount levels of each fare category.

#### **4.0 Card Distribution and Issue**

4.1 The Agencies shall be the sole issuer of RFCS fare cards.

4.2 The Agencies shall also be the sole issuer of the RFCS transit application, regardless of whether the transit application resides on an RFCS card, Contractor or third party card, or any other medium.

4.3 All non-RFCS applications carried on the RFCS fare card shall be subject to the Agencies' card issuance and acceptance rules.

4.4 The Agencies shall act as the primary interface to individual and institutional customers, and shall provide first tier customer service. The Contractor shall provide second tier customer service.

4.5 Fare cards will be distributed in bulk from a central inventory to card issuance locations that include:

- a. A central warehouse facility in the Central Puget Sound area operated by an Agency on behalf of the Agencies.
- b. A central local fulfillment center operated by an Agency on behalf of the Agencies. This center will provide individual card and small batch distribution, and may be co-located with the central warehouse or an Agency customer service office.
- c. Agency customer service offices and WSF terminals.
- d. Institutional program participants.
- e. Other points in the distribution network requiring bulk card distribution.

4.6 Customers shall be able to obtain an initialized fare card at Agency customer service offices. Customers shall also be able to obtain an initialized fare card by telephone, by mail, and through an RFCS Internet site operated by the Contractor on behalf of the Agencies.

4.7 Fare cards distributed to institutional program participants will be initialized with the RFCS transit application by either the Contractor or an Agency. Fare cards distributed to other points in the distribution network will be initialized as adult base fare cards.

4.8 Initialized cards may be linked or anonymous. Linked cards will require the cardholder to provide personal information or a personal identification password that can be linked back to the cardholder in the event that a fare card is replaced or refunded per the business rules and policies pertaining to "Replacement/Refund". Anonymous cards will not require personal information on the cardholder.

4.9 Anonymous fare cards can be linked at an Agency customer service office, by phone, by mail, through Internet and by other methods provided in the revalue network, provided that proof of card ownership can be demonstrated. All linking processes shall be secure.

4.10 The Contractor is responsible for providing the systems and services to support the administration and operation of the linked card program.

4.11 Fare cards issued to personnel of organizations participating in an institutional program may be linked by that organization. The linking information will be retained by the participating organization and not the RFCS.

## **5.0 Revaluing**

5.1 The RFCS shall include a configurable maximum value on the transit application stored value component of the fare card.

5.2 Fare cards shall be revalued at:

- a. The central local fulfillment center.
- b. Agency customer service offices.
- c. Sound Transit Ticket Vending Machines (TVMs) equipped with RFCS equipment.
- d. Other methods provided in the revalue network.

5.3 The revalue network shall provide options for the general public and institutional customers to revalue their fare cards at locations which are convenient and easily accessible.

5.4 The RFCS shall include the capability of pro-rating pass costs based on dates, parameters and formulas established by the Agencies (e.g. pro-rate pass sales after the 15<sup>th</sup> of a calendar month).

5.5 The Contractor shall provide revalue strategies:

- a. Customer requested revaluing through the Internet.
- b. Automatic revaluing (where a fare card that reaches a pre-specified threshold balance is automatically revalued by a pre-specified balance increment when the card is presented to a fare transaction processor) for institutional and general public customers.
- c. Phone, mail, and/or other revaluing.

5.6 Where applicable, payment methods for fare card revaluing shall include cash, check, credit card, debit card, and pre-authorized account debit transaction.

5.7 For institutional accounts, fare card revaluing may be authorized through a purchase order. Payment may be pre- or post-billing (or combination of the two) paid by check or electronic funds transfer.

## **6.0 Fare Payment**

6.1 The RFCS shall accept fare payment from the fare card. For cards configured as a period pass and requiring the payment of an upgrade fare, the upgrade fare shall be paid from the stored value component of the fare card.

6.2 Where there is insufficient balance in the stored value component of the card, fare card underpayments may be accepted at the discretion of each individual Agency. The remaining stored value balance shall be deducted, and the underpayment identified and recorded in the transaction data.

6.3 Underpayments may be accompanied by a cash upgrade deposited in the farebox, per the individual policies of each Agency. The RFCS shall not link cash fare and fare card data, and shall not be required to process and reconcile cash fares collected through the farebox.

6.4 The RFCS will not provide for a negative card balance.

6.5 The RFCS shall include the capability of establishing a maximum transaction value on right-to-ride cards such as

FlexPasses.

6.6 The RFCS shall include the capability of setting, at customer request and per Agency policy, a “Customer Zone Fare Preference Preset” parameter on the fare card. The Customer Zone Fare Preference Preset would establish a maximum stored value fare or upgrade to be deducted (e.g. for KCM, a customer with a 1 Zone Preset would be charged a maximum of a 1 Zone stored value fare, regardless of the fareset in effect).

6.7 The RFCS shall support payment for fare in excess of the Customer Zone Fare Preference Preset under each of three scenarios:

- a. Customer notifies driver prior to fare payment, and an override condition is set to deduct the correct fare.
- b. Customer conducts default transaction first then immediately notifies driver. Additional fare paid through reversal of the first transaction (see Section 6.8 below) and execution of a corrected transaction (subject to Agency policy).
- c. Customer conducts default transaction first then notifies driver at anytime in the transfer window of the original transaction, or on a service being transferred to. Additional fare paid by executing a second “upgrade fare” transaction.

6.8 The RFCS shall allow a bus operator, WSF seller, Sound Transit fare inspector, or Agency customer service representative to reverse a stored value fare transaction payment from a fare card, and restore the transaction amount to the fare card. The RFCS shall record and report the reversal, and link the transaction with the bus operator, seller or fare inspector identification. Each Agency shall have the option of enabling or disabling this function.

## **7.0 Replacement/Refund**

7.1 Linked fare cards that are lost or stolen, and linked or anonymous cards that malfunction or are damaged, shall be replaced with the derived balance reinstated. The derived balance applies to the transit application stored value and pro-rated period pass recorded by the clearinghouse system at the time the card replacement takes place.

7.2 The RFCS shall include the capability to execute a subsequent balance correction to a fare card which has been replaced once outstanding transactions have been recorded by the clearinghouse system.

7.3 Anonymous cards that are lost or stolen shall not be refunded or replaced.

7.4 Linked fare cards that are lost or stolen, and linked or anonymous cards that malfunction or are damaged, that are turned in at an Agency customer service office shall be replaced at the customer service office while the customer waits.

7.5 Linked fare cards that are reported lost or stolen by telephone, mail, Internet or other remote means shall be replaced by mail or by a customer service office.

7.6 Malfunctioning or damaged cards (linked or anonymous) that are turned in by mail shall be replaced by mail.

7.7 Institutional account cards reported lost, stolen, malfunctioning or damaged by the institution, shall be replaced and provided either by the Contractor or an Agency to the institution for distribution to the cardholder.

7.8 All linked fare cards that are reported lost or stolen shall be blocked from further use in the RFCS.

7.9 Refunds shall be provided for public transportation stored value and annual passes. The fare card balance shall be provided for stored value refunds. Refunds for passes shall be pro-rated. The Contractor shall not deny a refund request approved by an Agency for any fare payment type.

7.10 If an open payment system is identified by the Contractor, the Contractor shall develop an approach to providing stored value refunds consistent with the requirements of Section 7.9 above. This approach is subject to approval by the Agencies.

7.11 At their discretion and with the approval of the Agencies, institutional program participants may establish replacement and refund policies which are different than those adopted by the Agencies, but the responsibility for their administration shall rest with the institutional program participant.

## **8.0 Revenue Management**

8.1 All revenue management shall be on a cash basis.

8.2 Revenue transactions to/from the Agencies shall utilize Electronic Funds Transfer.

8.3 Revenue transactions to/from retail outlets shall primarily utilize Electronic Funds Transfer. Billing and post-sale remittance may still be permitted for small retail outlets.

8.4 The Agencies shall bear the risk of non-payment by institutional accounts or other accounts under the contractual jurisdiction of the Agencies.

8.5 Period pass revenue shall be settled at the time of revenue receipt, and shall be posted against the associated fare card sale/revalue transaction. Stored value revenue shall be settled at the time of use.

8.6 The RFCS shall include functionality for post-sale adjustment of period pass revenue allocation based on actual transaction (use) data.

8.7 For transfers between Sound Transit and participating Agencies in the Sound Transit service area, the RFCS shall include functionality for calculating and reporting additional revenue information for intersystem transfer payments from a separate regional funds pool (not administered by the RFCS). The RFCS shall also include the functionality to extend these calculation and reporting functions to all intersystem transfers to support potential future fare policies. For the trips that are taken using a period pass on the card, the calculation and reporting functions steps are:

- a. For every trip taken solely on one Agency, the “trip value” shall be the cash value of the trip - what the passenger would have paid had he or she been paying with cash. A “trip value” cannot exceed the face value of the pass. It may be less, depending upon the fare required for the particular trip. The “trip value” may even be zero when it is the second boarding of a linked trip.
- b. For intersystem transfers, the “trip value” for each Agency shall be computed as X% of the fare that would apply if the passenger had been paying cash for separate originating trips on each agency.
- c. The amounts from Steps a and b from all passes are summed into a subtotal of “trip values” for each participating Agency.
- d. The participating Agencies' subtotals are summed into a grand total. This grand total of “trip values” is likely to be

greater than the total revenue from pass sales.

- e. Each Agency's claim on the pass sales revenue is the subtotal in c divided by the grand total in d times the total pass sales revenue.
- f. The Agencies shall agree what additional funding (if any) from the regional funds pool will be applied to the "trip value" of intersystem transfers calculated in Step b. This Y% may be adjusted to reflect the ratio of the total pass sales revenue to the grand total of "trip values" in Step e. Revenue reports will be provided to summarize this information.

8.8 For trips that are taken using stored value on the card, the calculation and reporting functions steps are:

- a. For every trip taken solely on one Agency, the "trip value" shall be deducted from the stored value of the card.
- b. For intersystem transfers, the Agencies shall agree how much will be deducted from the stored value of the card.
- c. The participating Agencies in the Sound Transit service area shall agree what additional funding (if any) from the regional funds pool described above will be credited to each agency for to the intersystem transfers.

8.9 Reports of stored value full fare and upgrade transactions, along with transfer information, shall also be provided as information to the Agencies to assist with ST service area cash collection allocation formulas.

8.10 Interest from the investment of stored value prepayment funds retained by the clearinghouse system and from any accumulated surpluses or dormant accounts shall be distributed to the transportation Agencies according to a formula to be determined by the Agencies.

8.11 Operating costs for those services provided by the Contractor will be allocated to the participating Agencies according to a formula to be developed by the Agencies.

8.12 Operating costs and revenues shall be accounted for separately.

8.13 The fare payment and revalue revenue earned by each Agency shall be cleared and settled to each Agency's bank account on a daily basis and within 24 hours of receipt of the funds in the

Agencies' account managed by the Contractor.

8.14 Fare payment and revalue transactions shall be uploaded to the clearinghouse system on a daily basis.

## **9.0 Data Management and Reporting**

9.1 All transaction data from each Agency's data acquisition system shall be available to the Agency directly.

9.2 All transaction data from each Agency's data acquisition system shall be uploaded to the clearinghouse system daily.

9.3 The RFCS shall reconcile fare transaction and ridership to each Agency's administrative business day as defined for revenue and ridership reporting. This may not be the same as the clearinghouse system business day.

9.4 For on-line revaluing network devices, all revalue or card parameter change information shall be uploaded in real-time. For off-line revaluing network devices, data shall be uploaded to the clearinghouse system daily as a minimum.

9.5 The RFCS shall automatically update the clearinghouse system databases with revalue, refund, card replacement, card parameter, or other changes from the revalue network.

9.6 Fare tables and fare card data including blocked card lists, and blocked applications/functions (regional and agency specific), will be uploaded by each Agency to the clearinghouse system as required.

9.7 Fare tables, fare card parameters, and other data defined by the Contractor to be transferred from the clearinghouse system to the fare transaction processors, revalue network, and other end point devices shall be downloaded daily as a minimum.

9.8 Agencies shall have access to all processed fare transaction data in the clearinghouse system database pertaining to their Agency including:

- a. All local service transactions and transfers (the latter shall be linked to reflect the entire trip).
- b. All transfers between a local service and other services.
- c. Regional linked and unlinked transaction and transfer data as permitted by the Agencies' policies.

9.9 Agencies shall have access to all institutional program data in the clearinghouse system database relating to their contracted institutional programs.

9.10 Institutions shall have access through the Agencies to all fare payment processed transaction data from the clearinghouse system database pertaining to their specific program.

9.11 Agencies shall be able to download data from the clearinghouse system database for internal management and reporting needs.

9.12 Each Agency shall have the ability to produce standard and ad hoc reports (using data retrieval criteria established by the Agency) from the clearinghouse system database associated with that Agency (includes inter-Agency linked trip transaction data). The Contractor shall provide ad hoc report writing capabilities at each Agency.

## **10.0 Card, Application and Function Blocking/Unblocking**

10.1 The RFCS shall provide the capability of blocking a fare card such that all applications cannot be used.

10.2 The RFCS shall provide the capability of blocking a single application on the fare card such that the designated application becomes inactive, but the remaining applications on the fare card continue to be active.

10.3 The RFCS shall provide the capability of blocking specific functions within an application such that the designated function becomes inactive, but the remaining functions and other applications on the fare card continue to be active.

10.4 The RFCS shall provide the capability to unblock a card, application or function.

## **11.0 Other (Non-Fare Collection) Applications**

11.1 The RFCS may provide for the following types of Agency non-fare collection applications:

- a. Employee badging/identification/access.
- b. Parking fee payment.
- c. Food service payment.

11.2 Other non-fare collection applications may be identified by the Agencies. The system shall be open and extensible to incorporate other non-fare applications.